

# **U.S. ARMY**

## **PROCUREMENT POLICY**

### **ALERT BULLETIN**

**NO. 96-003**

**April 11, 1996**

**The enclosed documents are forwarded for your information and any necessary implementation in advance of formal publication of a Federal Acquisition Circular (FAC) or Defense Acquisition Circular (DAC). There will no Department of the Army-level supplementation or implementing instructions.**

**ENCLOSURES:**

- 1. DPP Memorandum, Subject: Accounting and Appropriation, March 13, 1996.**
- 2. DPP Memorandum, Subject: Ball and Roller Bearings, DAR Tracking Number 96-004, March 18, 1996.**
- 3. ASA (RDA) Memorandum, Subject: Delegation of Authority, Waiver of Cost Accounting Standards (CAS), SARDA-96-1, February 12, 1996.**
- 4. ASA (RDA) Delegation of Authority, Use of Contractor Personnel for Evaluation and Analysis of Proposals, SARDA 96-2, February 12, 1996.**
- 5. Blanket Purchase Agreement (BPA) Invoicing, Information Item.**

**This bulletin is issued by the U.S. Army Contracting Support Agency. Comments or questions should be referred to the Policy and Procedures Division, SFAE-CSA-PP, 5109 Leesburg Pike, Suite 916, Falls Church. Virginia 22041.**

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**Bulletin 96-003 consists of 13 pages.**

**Release Approved By: RCL**



OFFICE OF THE UNDER SECRETARY OF DEFENSE  
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WASHINGTON DC 20310-3000



13 MARCH 1996

DP/CPF

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES  
DEPUTY FOR ACQUISITION AND BUSINESS MANAGEMENT,  
ASN (RD&A) /ABM  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(CONTRACTING), SAF/AQC  
DIRECTOR, PROCUREMENT POLICY ASA (RD&A) / SARD-PP  
DEPUTY DIRECTOR (ACQUISITION), DEFENSE LOGISTICS AGENCY

SUBJECT: Accounting and Appropriation Data

The Defense Finance and Accounting Service (DFAS) will no longer assign so-called "dummy" Accounting Classification Reference Numbers (ACRN) to new contracts and modifications when those documents contain a discrepancy or error in the long line of accounting data. Previously, DFAS would assign a dummy ACRN as a workaround procedure in order to enter the contractual document into the Mechanization of Contract Administration Services (MOCAS) System, thus permitting contractor payments to proceed pending correction of the discrepancy. However, this workaround procedure has contributed to the Department's ongoing problem of unmatched disbursements and negative unliquidated obligations.

As of April 15, 1996, DFAS will issue a DD Form 1716 Deficiency Report for any newly received contractual document with erroneous ACRNs or accounting data. DFAS will place the affected contract/modification in a backlog status, pending receipt of a correcting modification. This means that the MOCAS System will not reflect any obligations or deobligations made by the contract or modification in question.

Obviously, payments cannot be made on a new contract that has not been entered into the MOCAS System. Moreover, the ability to make payments on a contract already in the MOCAS System could be jeopardized by a new modification that contains an error, depending upon how it impacts existing obligations.

This underscores the importance of preventing mistakes in contract ACRNs and accounting data and, in particular, correcting mistakes in a timely manner.

Eleanor R. Spector  
Director, Defense Procurement

cc: Director for Finance,  
HQ, Defense Finance and Accounting Service



OFFICE OF THE UNDER SECRETARY OF DEFENSE  
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18 MARCH 1996

DP(DAR)

In reply refer to  
DFARS Case: 95-D308  
D.L. 96-004

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES  
DEPUTY FOR ACQUISITION AND BUSINESS MANAGEMENT,  
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DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(CONTRACTING), SAF/AQC  
DIRECTOR, PROCUREMENT POLICY ASA (RD&A) / SARD-PP  
DEPUTY DIRECTOR (ACQUISITION), DEFENSE LOGISTICS AGENCY

SUBJECT: Ball and Roller Bearings

We have amended the Defense Federal Acquisition Regulation Supplement (DFARS) to implement Section 8093 of the Fiscal Year 1996 Defense Appropriations Act (Pub. L. 104-61) and Section 806, paragraphs (b) and (d), of the Fiscal Year 1996 Defense Authorization Act (Pub. L. 104-106), which extend the statutory restrictions on the acquisition of nondomestic ball and roller bearings through the year 2000, but reduce the exceptions to the restriction and limit waiver authority when Fiscal Year 1996 funds are used.

The attached interim DFARS rule is effective immediately and will be included in a future Defense Acquisition Circular.

Eleanor R. Spector  
Director, Defense Procurement

Attachment

cc: DSMC, Ft. Belvoir

## DFARS CASE 95-D308, BALL AND ROLLER BEARINGS

### INTERIM RULE

#### SUBPART 225-70---AUTHORIZATION ACTS, APPROPRIATIONS ACTS, AND OTHER STATUTORY RESTRICTIONS ON FOREIGN PURCHASES

\*\*\*\*\*

##### 225.7001 Definitions

As used in this subpart---

(a) ["Bearing components" is defined in the clause at 252.225-7016, Restriction on Acquisition of Ball and Roller Bearings.

(b) "Hand or measuring tools" means those tools listed in Federal supply classifications 51 and 52, respectively.

(c) "Possessions," as used in the phrase "United States or its possessions," includes Puerto Rico.

(d) "Specialty metals: is defined in the clause at 252.225-7014, Preference for Domestic Specialty Metals.

\*\*\*\*\*

##### 225.7019 Restriction[s] on ~~antifriction~~ [ball and roller] bearings.

###### 225.7019-1 Restriction[s].

(a) In accordance with 10 U.S.C. 2534, through fiscal year ~~1995~~ [2000], do not acquire ~~antifriction~~ [ball and roller] bearings or bearing components which are not manufactured in the United States or Canada.

(b) In accordance with Section 8099 of Pub. L. 104-61, do not use fiscal year 1996 funds to acquire ball and roller bearings other than those produced by a domestic source and of domestic origin, i.e., bearings and bearing components manufactured in the United States or Canada.]

###### 225.7019-2 Exceptions.

(a) The restriction in 225.7019-1 (a) does not apply---

(1) Acquisitions [at or] below the simplified acquisition threshold [,unless ball or roller bearings or bearing components are the end items being purchased];

(2) Purchases of commercial items incorporating ~~antifriction~~ [ball or roller] bearings;

(3) Miniature and instrument ball bearings restricted under 225.71;

(~~4~~[4]) Items acquired overseas for use overseas; or

(~~5~~[5]) ~~Antifriction~~ [Ball and roller] bearings or bearing components or items containing bearings for use in a cooperative or co-production project under an international agreement.

**[(b) The restriction in 225.7019-1(b) does not apply to the acquisition of commercial items incorporating ball or roller bearings (see 212.503(a)(xi) and 212.504(a)(xxvi)).]**

### **225.7019-3 Waiver.**

[(a) The head of the contracting activity may waive the restriction in 225.7019-1[(a)]---

(~~1~~[1]) Upon execution of a determination and findings that---

(~~1~~[i]) No domestic (U.S. or Canadian) bearing manufacturer meets the requirement;

(~~2~~[ii]) It is not in the best interests of the United States to qualify a domestic bearing to replace a qualified nondomestic bearing. This determination must be based on a finding that the qualification of a domestically manufactured bearing would cause unreasonable costs or delay. A finding that a cost is unreasonable should take into consideration DoD policy to assist the domestic industrial mobilization base. Contracts should be awarded to domestic bearing manufacturers to increase their capability to reinvest and become more competitive;

(~~3~~[iii]) United States producers of the item would not be jeopardized by competition from a foreign country, and that country does not discriminate against defense items produced in the United States to a greater degree than the United States discriminates against defense items produced in that country;

(~~4~~[iv]) Application of the restriction would impede cooperative programs entered into between DoD and a foreign country, and that country does not discriminate against defense items produced in the United States to a greater degree than the United States discriminates against defense items produced in that country;

(~~5~~[v]) Application of the restriction would result in the existence of only one source for the item in the United States or Canada;

(~~6~~[vi]) Application of the restriction is not in the national security interests of the United States; or

(~~7~~[vii]) Application of the restriction would adversely affect a U.S. company.

(~~2~~[2]) For multiyear contracts or contracts exceeding 12 months, only if---

(~~1~~[i]) The head of the contracting activity executes a determination and findings in accordance with paragraph (a) of this subsection;

(~~2~~[ii]) The contractor submits a written plan for transitioning from the use of nondomestic to domestically manufactured bearings;

(3[~~iii~~]) The plan---

(~~i~~[A]) States whether a domestically manufactured bearing can be qualified, at a reasonable cost, for use during the course of the contract period;

(~~ii~~[B]) Identifies any bearings that are not domestically manufactured, their application, and source of supply; and

(~~iii~~[C]) Describes, including cost and timetable, the transition to a domestically manufactured bearing. (The timetable for the transition should normally take no longer than 24 months from the date the waiver is granted); and

(4[iv]) The contracting officer accepts the plan and incorporates it in the contract.

**[(b) The Secretary of the department responsible for the acquisition may waive the restriction in 225.7019-1(b) on a case-by-case basis, by certifying to the House and Senate Committees on Appropriations that---**

**(1) Adequate domestic supplies are not available to meet DoD requirements on a timely basis; and**

**(2) The acquisition must be made in order to acquire capability for national security purposes.**

#### **225.7019-4 Contract clause.**

Use the clause at 252.225-7016, Restriction on Acquisition of ~~Antifriction~~ **[Ball and Roller]** Bearings, in all solicitations and contracts, unless---

(a) ~~An exception applies~~ **[The restrictions in 225-7019-1 do not apply]** or a waiver has been granted; or

(b) The contracting officer knows that the items being acquired do not contain ~~antifriction~~ **[ball or roller]** bearings.

\*\*\*\*\*

#### **252.225-7016 Restriction on Acquisition of ~~Antifriction~~ [Ball and Roller] Bearings.**

As prescribed in 225.7019-4, use the following clause:

**RESTRICTION ON ACQUISITION OF ~~ANTIFRICTION~~ [BALL AND ROLLER] BEARINGS**

**(~~NOV 1995~~ [MAR1996])**

**[(a) *Definition.***

**"Bearing components," as used in this clause, means the bearing element, retainer, inner race, or outer race.**



(a**[b]**) The Contractor agrees that all ~~antifriction~~ **[ball and roller]** bearings and ~~antifriction~~ **[ball and roller]** bearing components delivered under this contract, either as end items or components of end items, shall be wholly manufactured in the United States or Canada. Unless otherwise specified, raw materials, such as preformed bar, tube, or rod stock and lubricants, need not be mined or produced in the United States or Canada.

(b**[c]**) The restriction in paragraph (a**[b]**) does not apply to the extent that the end items or components containing ~~antifriction~~ **[ball or roller]** bearings are commercial items. The commercial item exception does not include items designed or developed under a Government contract or contracts where the end item is bearings and bearing components.

(c**[d]**) The restriction in paragraph (a**[b]**) may be waived upon request from the Contractor in accordance with subsection 225.7019-3 of the Defense Federal Acquisition Regulation Supplement.

(d**[e]**) The Contractor agrees to retain records showing compliance with this restriction until three years after final payment and to make records available upon request of the Contracting Officer.

(e**[f]**) The Contractor agrees to insert this clause, including this paragraph (e**[f]**), in every subcontract and purchase order issued in performance of this contract, unless items acquired **[are---**

**(1) Commercial items other than ball or roller bearings; or**

**(2) Items that** do not contain ~~antifriction~~ **[ball or roller]** bearings.

(End of clause)



**DEPARTMENT OF THE ARMY**  
**OFFICE OF THE ASSISTANT SECRETARY**  
**RESEARCH DEVELOPMENT AND ACQUISITION**  
**103 ARMY PENTAGON**  
**WASHINGTON DC 20310-0103**



12 FEB 1996

REPLY TO THE ATTENTION OF

SFAE-CSA-PPP  
SARDA-96-1

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Delegation of Authority, Waiver of Cost Accounting Standards (CAS)

The Chairman of the Cost Accounting Standards Board in the attached OFPP memorandum of December 18, 1995, subject: Waiver of Cost Accounting Standards, delegated to Agency Senior Procurement Executives, with power of redelegation, limited authority to waive cost accounting standards.

I hereby redelegate this authority to Heads of Contracting Activities, without power to redelegate, to waive the application of the cost accounting standards to individual firm-fixed-price contracts for the acquisition of commercial items when cost or pricing data is not obtained.

The Rules and Regulations of the CAS Board (FAR Appendix B), Subpart 9903.201-1 currently exempts firm-fixed-price contracts and subcontracts awarded without submission of any cost data from CAS. However, the exemption (15) is silent on the applicability of CAS to firm-fixed-price contracts for commercial items where "other data" (uncertified cost or pricing data) may have been used to determine price reasonableness. We interpret the term "cost or pricing data" used in this delegation as meaning certified cost or pricing data. Until the exemption can be expanded, the above authority will allow the application of cost accounting standards on firm-fixed-price contracts awarded without the requirement for certified cost or pricing data (when not waived), for commercial items to be waived.

Gilbert F. Decker  
Assistant Secretary of the Army  
(Research, Development and Acquisition)

Attachment

DISTRIBUTION:

Chief, National Guard Bureau, Department of the Army and Air Force, ATTN: NGB-ZA, Washington,

DC 20310-2500

Commanding General, U.S. Army Forces Command, ATTN: AFCG, Ft. McPherson, GA 30330-6000

Commander, U.S. Army Training and Doctrine Command, ATTN: ATCG, Ft. Monroe, VA 23651-5000

Commander, U.S. Army Medical Research and Materiel Command, ATTN: MCMR-ZB, Ft. Detrick, MD 21702-5012

Commander, U.S. Army Space and Strategic Defense Command, ATTN: CSSD-ZB, P.O. Box 1500, Huntsville, AL 35807-3801

Commander, U.S. Army Missile Command, ATTN: AMSMI-CG, Redstone Arsenal, AL 35898-5000

Director, U. S. Army Research Laboratory, ATTN:  
AMSRL\*\*\*\*\*

December 18, 1995

MEMORANDUM FOR AGENCY SENIOR PROCUREMENT EXECUTIVES

From: Steven Kalman

Chairman, Cost Accounting Standards Board

SUBJECT: Waiver of Cost Accounting Standards

The Cost Accounting Standards Board has delegated to Federal procuring agencies the authority to waive the application of the Cost Accounting Standards to individual firm fixed-price contracts for the acquisition of commercial items when cost or pricing data is not obtained. This authority may be redelegated to Heads of Contracting Activities in accordance with agency procedures.

This waiver authority is intended to permit agencies to more efficiently award contracts for the acquisition of commercial items in accordance with the Federal Acquisition Streamlined Act, Pub. L. 103-355.

Questions concerning this delegation of waiver authority may be directed to Richard C. Loeb, Executive Secretary of the Cost Accounting Standards Board on (202) 395-3254.



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REPLY TO THE ATTENTION OF

SARDA 96-2

**DELEGATION OF AUTHORITY,  
USE OF CONTRACTOR PERSONNEL FOR  
EVALUATION AND ANALYSIS OF PROPOSALS**

The authority of the agency head to make the determinations permitted by 41 U.S.C. 419 (as implemented by Federal Acquisition Regulation 37.203 and 37.204) is hereby delegated to Principal Assistants Responsible for Contracting.

This delegation of authority shall remain in effect until specifically superseded or rescinded.

Gilbert F. Decker  
Assistant Secretary of the Army  
(Research, Development and Acquisition)

12 Feb 96

April 1996

SFAE-CSA-PPP

## INFORMATION ITEM

SUBJECT: Blanket Purchase Agreement (BPA) Invoicing

FAR 13.203-1 (j) requires that BPAs contain terms and conditions using one of the statements at paragraph (7), *Invoices*.

It is reported that some contracting offices include terms which permit contractors to submit invoices after each delivery. This practice result in processing costs to the Government that would not occur if invoices were consolidated monthly.

Contracting officers are requested to insure that the statement they use in BPAs requires contractors to accumulate invoices and submit consolidated invoices monthly to the paying office. Language for agreements similar to the following should overcome frequency problems with invoicing.

A summary invoice shall be submitted no more than monthly, or upon expiration of the BPA, whichever occurs first, for all deliveries made during billing period.